demonstrate integrity. Therefore, before the price bids are called, it has been decided that bidders must satisfy the criteria, as replied at (b) and (c) above. Accordingly, the credentials of the bidders are being examined on these grounds.

News item, "Strategic Sale should be Avoided, Says SCOPE Chairman"

7. SHRI JIBON ROY: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Government's attention has been drawn to the newsitem captioned "Strategic sale should be avoided says SCOPE Chairman" published in the BUSINESS TIMES dated the 5th May, 2001 and

(b) if so, the reaction of the Government thereto?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Yes, Sir.

(b) This is one view and there are many other, including contrary views, in this regard. Government keeps in view such observations at the time of decision regarding route for disinvestment to be followed in case of each Public Sector Undertaking.

Criteria for identifying PSUs for disinvestment

8. SHRI S. AGNIRAJ: Will the Minister of DISINVESTMENT be pleased to state:

(a) the criteria for identifying PSUs for disinvestment by Government;

(b) the top ten loss making PSUs as on today;

(c) the steps being taken to disinvest these loss making units;

(d) whether Government propose to apply VRS in these units; and

(e) if so, the details, thereof?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Disinvestment is

being considered and carried out in various Public Sector Enterprises in accordance with the declared disinvestment policy of the Government. According to it, in generality of the cases, Government will bring down its equity to 26% or below in all non-strategic Central Public Sector Undertakings. The strategic public sector enterprises are those in the areas of arms and ammunitions and the allied items of defence equipments etc., atomic energy except in the areas relating to generation of nuclear power and applications of radiation, radio isotopes to agriculture, medicine in non-strategic industries; and railway transport. Among others, the important elements of the disinvestment policy are (i) to restructure and revive potentially viable PSUs, (ii) to close down PSUs, which cannot be revived, and (iii) to fully protect the interests of workers.

(b) and (c) A list of top ten loss making public sector enterprises as of 31.3.2000 is given in statement I (*See* below) There is no decision for disinvestment in respect of these 10 enterprises, at present.

(d) The Department of Public Enterprises has issued guidelines on voluntary retirement scheme on 5-5-2000 which are applicable to all the PSUs, whether profit making or loss making.

(e) A copy of the guidelines is annexed as Statement-II.

Statement-I

Top 10 loss incurring Enterprises

(Rs. in crores)

Sl. No.	Name of the Enterprise	Net. Loss
1.	Steel Authority of India Ltd.	1720.02
2.	Fertilizer Corpn. of India Ltd.	854.99
3.	Eastern Coal field Ltd.	728.23
4.	Bharat Coking Coal Ltd.	692.32
5.	Hindustan Fertilizers Corpn. Ltd.	564.23
6.	Rashtriya Ispat Nigam Ltd.	561.68

Sl. No.	Name of the Enterprise	Net. Loss
7.	Konkan Railway Corpn. Ltd.	384.69
8.	National Jute Manufacturers Corpn. Ltd.	290.51
9.	Hindustan Photo Film Mfg. Co. Ltd.	278.54
10.	Cement Corporation of India Ltd.	216.91
	Total	**6292.12**

(Source: Public Enterprises survey, 1999-2000, Vol-I, published by Department of Public Enterprises, Government of India)

Statement-II

No. 2(32)/97-DPE(WC) GL-XXII

Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhavan
Block No. 14, CGO Complex, Lodi Road
New Delhi-110003.

Dated the 5th May, 2000

OFFICE MEMORANDUM

SUBJECT: Introduction of a revised Voluntary Retirement Scheme (VRS).

The Government had announced a Voluntary Retirement Scheme (VRS) vide OM No. 2(36)/86-BPE (WC) dated 5th October, 1988. Government have revised the scheme to make it more efficacious having regard to both, the interests of the employees and the need to enable Public Sector Enterprises (PSEs) to rationalize their surplus manpower.

2. Enterprises which are financially sound and can sustain a scheme of VRS on their own surplus resources may devise and implement variants of the existing VRS cited in para 1 above. However, in no

case shall the compensation exceed 60 days salary for each completed year of service *or* the salary for the number of months service left, *whichever is less.* Salary for the purpose of VRS shall consist of basic pay and DA only and no other element.

3. Enterprises that make marginal profits or loss-making enterprises may adopt the revised scheme of VRS which is modelled on the Scheme that exists in the State of Gujarat. The details of the scheme are set out hereunder:

(i) The compensation will consist of salary of 35 days for every completed year of service and 25 days for the balance of service left until superannuation. The compensation will be subject to a minimum of Rs. 25,000/- or 250 days salary whichever is higher. However, this compensation shall not exceed the sum of the salary that the employee would draw at the prevailing level for the balance of the period left before superannuation.

(ii) Salary for purpose of VRS will consist of basic pay and DA only.

(iii) Arrears of wages due to revision etc. will not be included in computing the eligible amount.

(iv) Payment of bonus should conform to the provisions in the Bonus Act; Casual Leave may be encashed in proportionate measure upto the date of VRS.

4. A suitable variant of the arrangement in para 3 above may be developed by the Ministry of Textiles in respect of Textiles units subject to the conditions attached thereto.

5. For sick and unviable units, the VSS package of Department of Heavy Industry will be adopted. As a corollary, the VSS scheme may be modelled on Gujarat pattern and be made applicable as in para 3 above. However, employees would have to opt for VSS within 3 months from the date of offer failing which they would be eligible only for retrenchment compensation. The details of VSS are as under:—

(i) An employees would be entitled to an *ex-gratia* payment

equivalent to 45 days emoluments (pay + DA) for each completed year of service or the monthly emolument at the time of retirement multiplied by the balance months of service left before the normal date of retirement, whichever is less;

(ii) All those who have completed not less than 30 years of service, will be eligible for a maximum of 60 (sixty) months salary/wage as compensation. This will be subject to the amount not exceeding the salary/wage for the balance period of service left (at the rate of monthly salary/wage at the time of voluntary retirement).

6. The compensation under VRS/VSS will be in addition to terminal benefits.

7. Employees of industrial cooperatives with Government equity paticipation and who are not members of the cooperative will also be covered under the VRS.

8. Budgetary support will be provided to the marginally profit or loss making enterprises and to the sick enterprises for implementing VRS only in case bank credit is not available. The funds would normally be made available at the beginning of the financial year. However, before seeking budgetary support in cases of unviable/sick PSUs other sources of funding should be fully explored such as asset securitisation and bank loans against Government guarantee for funding VRS/VSS.

9. VRS will be applicable to the permanent employees, badli workers, work charged established and temporary workers but not to the casual workers. There will be no recruitment against vacancies arising due to VRS.

10. It will be the responsibility of the concerned administrative Ministry to assist those opting for VRS in getting loans from banks for pursuing gainful self employment.

11. NRF in its present form will cease to exist. The funds required for retraining/rehabilitation of employees availing of

VRS will be placed with the Department of Public Enterprises under arrangements to be evolved.

12. In implementing the VRS scheme, managements shall ensure that it is extended primarily to such employees whose services may be dispensed without detriment to the company. Care will be exercised to ensure that highly skilled and qualified workers and staff are not given the option. As there shall be no recruitment against vacancies arising due to VRS—it is important that the organisation is not denuded of talent. The managements of the PSUs shall introduce the VRS with the approval of their Boards and the administrative Ministries.

13. The administrative Ministries/Departments are requested to bring the details of the Voluntary Retirement Scheme and the Voluntary Separation Scheme to the notice of the Public Enterprises under their administrative control and to ensure that PSEs implement the schemes strictly in accordance with the provision set out herein.

14. This O.M. supersedes O.M. No. 2 (36)/86-BPE(WC) dated 5th October, 1988 and subsequent circulars issued on the subject.

(S. Talwar)
Joint Secretary to the Government of India

To

All administrative Ministries/Departments of the Government of India.

Copy to:

1. Chief Executives of the Public Enterprises.
2. Secretary, SCOPE, CGO Complex, Lodi Road, New Delhi.
3. Comptroller & Auditor General of India, AGCR Building, Indraprastha Estate, New Delhi-110002.
4. All Financial Advisers in the administrative Ministries.

5. Secretary, Department of Expenditure, North Block, New Delhi.

6. Secretary, Department of Disinvestment.

7. Special Secretary, Banking Division, Department of Economic Affairs, Jeevan Deep Building, New Delhi.

8. Secretary, PESB, CGO Complex, Lodi Road, New Delhi.

Disinvestment of Security Paper Mill, Hoshangabad

9. SHRI SURESH PACHOURI: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the disinvestment Commission has recommended for the disinvestment of Security Paper Mill, Hoshangabad;

(b) if so, the details thereof; and

(c) whether Government consider it appropriate to disinvest such sensitive units?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) No, sir.

(b) Does not arise.

(c) Government has not taken any view in this matter.

Target for receipts through disinvestment

10. DR. MANMOHAN SINGH:
SHRI BALKAVI BAIRAGI:

Will the Minister of DISINVESTMENT be pleased to state:

(a) the target for receipts from disinvestment in PSU equity during the current financial year and steps taken to achieve the target;

(b) the names of PSUs included in the programme of disinvestment this year;

(c) the progress made thus far in realizing the targeted amount; and